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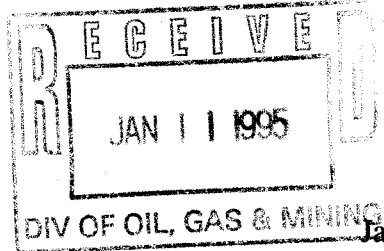
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HAND DELIVERED

January 11, 1995

Pamela Grubaugh-Littig
UTAH DIVISION OF OIL, GAS & MINING
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

95A

RE: Application for Approval of Transfer, Assignment or Sale of Crandall Canyon Mine, Permit No. ACT/015/032 #2 Copy Pam & Alan

Dear Pam:

On behalf of Genwal Coal Company, Inc. ("Genwal"), enclosed is an Application for Approval of Transfer, Assignment or Sale of Permit No. ACT/015/032 ("Transfer Application"). This Transfer Application seeks the approval of the Division of Oil, Gas & Mining ("Division") to transfer of Nevada Electric Investment Company's ("NEICO's") undivided 50% interest in the Crandall Canyon Mine Project. NEICO is proposing to sell its entire interest in the Project to Andalex Resources, Inc. ("Andalex"). Closing of the sale is expected today. NEICO's sale of permit rights to Andalex and GENWAL Resources, Inc. ("GENWAL") is subject to and conditioned upon the Division's approval of the enclosed Transfer Application.

By separate application, Genwal has designated GENWAL as operator of the Permit. I understand that the Division has approved the application for designation of operator and that this approval is effective today. Until the Transfer Application is approved, GENWAL will serve as the designated operator of the Permit. Upon approval of the enclosed Transfer Application, GENWAL will continue to be the operator/permittee of the Permit and Intermountain Power Agency and GENWAL will be joint owners of the Permit.

The legal, financial and compliance information concerning the Transfer Application is set forth in Chapter 1, Crandall Canyon Mine Mining & Reclamation Plan, Permit No. ACT/015/032, revised January 4, 1995. This information was provided in

LAW OFFICES OF
FABIAN & CLENDENIN
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Pamela Grubaugh-Littig
January 11, 1995
Page 2

connection with the designation of GENWAL as new operator of the Permit. Please let me know if you need additional copies of Chapter 1.

We have also forwarded notice of the proposed transfer for publication by the *Emery County Progress* in Emery County, Utah, and the *Sun Advocate* in Price, Utah. We will submit proof of publication as soon as possible.

Upon final approval of the Transfer Application by the Division, GENWAL has agreed to submit a bond or other acceptable form of surety to secure the reclamation liability of the Permit.

Finally, the Transfer Application is submitted with the facsimile signature of Jay Marshall, dated as of January 11, 1995. We will replace this facsimile with the original signature page upon our receipt of the same.

Please call me if you need anything further regarding these matters.

Very truly yours,

A handwritten signature in black ink, appearing to read "Denise A. Dragoo", with a horizontal line extending to the right.

Denise A. Dragoo

DAD:jmc:48570

Enclosure

cc: James Carter
Lowell Braxton
Richard Hinckley, Esq. (with enclosure)
John Kirkham, Esq. (with enclosure)
Ron Rencher, Esq. (with enclosure)
Jay Marshall (with enclosure)
Mike Glasson (with enclosure)